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X Agency Budget
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2 January 1964

MEMORANDUM FOR: Director of Finance

Bob:

Following one of my philosophical discussions with John Clarke about his job, the role of Budget Officers in the area divisions, career management, etc., he produced the attached concept paper. In a subsequent discussion I told John that I did not disagree with the concept but that we both must recognize that the accomplishment of this objective would require considerable time.

I would appreciate your giving this paper and this entire matter some serious thought. (This is in line with the recent discussion which you, Pat, and I had.) I think that it would be best if you held this paper very closely for the moment, but I do want to outline a long-term program which you and I, and hopefully John Clarke, can agree on to change the kind and caliber of officer we now have occupying BF positions in area divisions and comparable units.

I would like to discuss this with you sometime soon.

Signed

L. K. White

Attachment

DD/S:LKW:sbo

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DD/S 63-5369 - Memo dtd 11 Dec 63 to DD/S fr D/BPAM, subj:
Concept Paper on Role of Budget in the Agency (EO)

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11 December 1963

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Concept Paper on Role of Budget in the Agency

1. In light of our discussions of yesterday re career service and the place of the Budget Officer, and in the interest of assuring an undiluted understanding of the focus being given to budgeting over the past year, the following outlines some essential points. I propose to discuss this paper with Mr. Kirkpatrick and to recommend that he outline the concept to each Deputy Director and Office Chief throughout the Agency. Before doing so, however, I want to be certain you and I are of one mind, both as to concept and approach. Any suggestions will be most appreciated.

2. The budget process in the Agency, under Mr. Bross, has been developing a new role--a primary role in management and an important secondary role in control of Agency money and manpower. The improved development of accounting and auditing procedures and the sharpening focus of the Inspector General (and now the new NIPE Staff) to a wide range of internal and external Agency problems have allowed the budget function under the Comptroller, and now under the command activity of the Executive Director, to concentrate on the larger picture of management of Agency resources and to subordinate although not abandon its earlier, traditional concept under the DD/S of housekeeping and legal expenditure of funds.

3. Resource applications in CIA and budgeting of money and manpower are stated interests of the Director and the DDCI. The Budget Office, supported by the budget officers assigned to all principal divisions of the Agency, provides the primary machinery through which the top management can review, assess and distribute the resources in a balanced program. The role of the Agency Budget Officer in recommending alternatives to the DDCI is extremely important. This function of setting program goals and developing systems to assist management of all Agency activity is of foremost interest and concern to the Office of Budget, Program Analysis and Manpower and to the Executive Director-Comptroller. The review of programs and the assignment of resources also carry with them an important management role in measuring, and indeed independently judging, accomplishment. The process is a continuing one and is not simply an annual exercise. It is within this context that [] and subsequent directives have been originated.

4. One of the important evidences of the program emphasis of Agency management and budget policy can be seen in the type of work being required of the budget analyst in the Budget Division and increasingly of the budget officers in the operating divisions themselves. (Admittedly, some part of this is in evolution and selection of new personnel into some of these posts may be required.) More emphasis is being placed on examining the aims and operations of the Agency's programs to find out how they can be evaluated and improved. In this regard, we see the evolution of program analysis in support of budget; manpower control and wage and salary administration and review in support of budget; and accounting systems in support of an Activity Budget. (Of course, much needs to be done but under the aegis of the Executive Director and with the cooperation of the line commanders, the Budget function appears to be on the way to becoming truly the management nerve center of the Agency, as it has already become in the Department of Defense and in most successful corporations.)

5. While this overview role has developed, it has also been conceptually sound to decentralize to the line commanders greater latitude in program decision-making. This is reflected in [] and in the deferment concept, and is aided by the location within each division of a budget officer, reporting to a planning group or officer for each Deputy Directorate, who works with the central Budget, Program Analysis and Manpower Office. These officers are important to a well balanced budget and programing system.

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a. With technical direction from the Agency Budget Office, they aid in the development, at division level, of a budget and programing system responsive to the Agency needs and those of the division chief and Deputy Directorate.

b. The budget officer carries at his level the mantle of the Agency Budget Officer for coordination of programs and for practical application of internal accounting systems to meet the program reporting requirements of creative management.

c. They should have sufficient and detailed substantive knowledge of all programs of their components and be in a position to identify for their chiefs management alternatives as well as weaknesses.

6. The end product of the approach we are taking is a sophisticated programing system which will permit a reduction of control from the center and the improvement of budget as a management tool at division, directorate and DCI levels.

7. Speaking frankly, there are very few budget officers now in the divisions who have the skill, education or bent to accomplish the objectives sought. The location of these skills has in most cases been removed to the support chief. Indeed, the S/F career service over time has not been oriented to developing this kind of officer, although there are some who have come along despite the system.

8. It was because of this view of the budget officer's proper role-- coordinating provisional programs, transmitting and defending substantively all activity of his unit, including management practices, which cost money and resources, providing his chief with information essential to program management, and aiding the Agency at various levels in solving budget and management problems-- that I supported a Comptroller function separate from the DD/S support role and the recommendation contained in the study group's report. On the other hand, Mr. Bross, Mr. Fuchs and I recognized that there needed to be much done to elevate the competence of budget officers. Indeed, there needed to be an entirely new recruitment and training philosophy developed for that part of the S/F service who were setting their sights on budget officer positions. (The recruitment in the Budget Division has in large part been outside the S/F service and, with some exceptions, if the foregoing concept is maintained, most of the key positions in Program Analysis and Budget will require other than S/F personnel since the principal source of these people does not now appear to exist in the S/F service.) In any event, key positions in the central Budget Office will require training in the social sciences with some accounting. In my view, the budget officers of the future must be of JOT caliber, and must have a broad grasp of public administration and human relations essential to give them the proper perspective for approaching Agency management issues. Training and experience in management will be important. Sprinkled throughout the budget officer "corps" will be a few selected specialists; e.g. accountants, lawyers, etc. to provide balance.

9. In summary, the future budget officers of this Agency will have a broadened role. Accordingly, the responsibility for their recruitment, training, and advancement cannot be left to the narrowed, albeit important, emphasis of finance and accounting. As I stated last evening, it is important that if our S/F career service continues to include budget officers some guidance from the Agency's officer responsible for budget and program analysis is needed in addition to that of the Director of Finance and the Deputy Director for Support. While informal arrangements to this end provide for a temporary period, they appear inadequate to assure the all-important vote that the Director, Budget, Program Analysis and Manpower should have in the management of those careers in the Agency so essential to the success of the budget system. As we discussed last evening, I'm certain some workable arrangement can be made, including such suggestions as continued service on the S/F Career Board, rating systems, etc.

JOHN M. CLARKE
Director/ BPAM